

DOCUMENT RESUME

ED 330 435

PS 019 333

TITLE The Con Edison Emergency Child Care Plan for Management Employees: Summary Plan Description.

INSTITUTION Consolidated Edison Co., Brooklyn, N.Y.

PUB DATE Feb 90

NOTE 14p.

PUB TYPE Guides - Non-Classroom Use (055)

EDRS PRICE MF01/PC01 Plus Postage.

DESCRIPTORS Compliance (Legal); Elementary Education; *Emergency Programs; *Employer Supported Day Care; Guidelines; Preschool Education; Program Evaluation; Tax Credits

IDENTIFIERS Employee Retirement Income Security Act; *Program Characteristics

ABSTRACT

This summary plan description offers guidelines for participation in a pilot program that provides short-term emergency care for children of Con Edison managers who are under 13 years old. The plan offers professional, in-home child care that can be used when usual arrangements have collapsed. The summary plan description addresses the following questions: (1) Who is eligible to participate? (2) When can one use pilot program services? (3) Who provides program services? (4) Where and when should one call to use the program? (5) How much will emergency child care cost? (6) What will the employee's share of the costs be? (7) What are the tax implications of participation in the Emergency Child Care Plan? Concluding sections concern special considerations for highly compensated employees, the dependent-care tax credit, program follow-up and evaluation, and the program's compliance with the Employee Retirement Income Security Act of 1974 (ERISA). (RH)

* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION
CENTER (ERIC)

- ☐ This document has been reproduced as
received from the person or organization
originating it.
- ☒ Minor changes have been made to improve
reproduction quality.

- Points of view or opinions stated in this docu-
ment do not necessarily represent official
OERI position or policy.

The Con Edison Emergency Child Care Plan for Management Employees

Summary Plan Description

BEST COPY AVAILABLE

"PERMISSION TO REPRODUCE THIS
MATERIAL HAS BEEN GRANTED BY

Con Edison

TO THE EDUCATIONAL RESOURCES
INFORMATION CENTER (ERIC)."

**Con
Edison**

Introduction

Balancing work and family responsibilities is especially difficult when emergencies arise. What do you do when you need to be at work and your child is ill? Your usual child care provider is unavailable? Or your work schedule changes unexpectedly?

Con Edison is pleased to be a participant in a pilot program to help working parents who need short-term emergency care for children under age 13. Through this program, you may arrange to have a trained, certified caregiver from a home health care agency come to your home to take care of your child when you need to be at work.

If you decide to use the program, you and the company will share the cost of emergency child care. (See "How much will emergency child care cost?" and "What will my share of the costs be?", pages 4-5.)

Con Edison is one of several New York City companies offering this pilot program to their employees. Child Care, Inc., a not-for-profit child care resource and referral agency, is coordinating the program for participating companies. During the pilot period, which is scheduled to run from October 2, 1989 through July 31, 1990, the program will be evaluated periodically. Con Edison expects to continue to offer the program after the pilot period, but reserves the right to change or terminate its participation in the program at any time.

Who is eligible to participate?

You are eligible to participate in the Con Edison Emergency Child Care Plan for Management Employees if:

- You are a management employee of Con Edison and work at least 20 hours a week;
- You have one or more children under age 13;
- You are married and your spouse is employed, disabled or a full-time student, or you are a single parent; *and*
- You are a resident of one of the following areas:
 - New York City (all five boroughs);
 - Long Island (Nassau and Suffolk counties); or
 - Northern and central New Jersey (nine counties—Bergen, Essex, Hudson, Passaic, Morris, Union, Mercer, Middlesex and Monmouth).

(The pilot program will be limited to employees of participating companies who live in these areas.)

Emergency child care services will be available only for your dependent children under the age of 13. The term "children" includes your children by birth or legal adoption, any stepchildren living in your household, and any children for whom you provide sole support, if they live permanently in your household and you are the court-appointed guardian.

You must be at work or fulfilling a work assignment when you use the program. You must also enroll in the Con Edison Emergency Child Care Plan for Management Employees before you can use the program.

To enroll, you need to complete a Pilot Program Enrollment Form and return it to Emergency Child Care, Employee Benefits, Room 947-S, 4 Irving Place, M020. The enrollment form has three parts, including a payroll deduction authorization. You must sign each part of the form.

You have no obligation to use pilot program services after enrolling in the plan. However, Con Edison must have your signed enrollment form on file before it can authorize your use of caregivers from the home health care agencies.

When may I use pilot program services?

You may use pilot program services in order to be able to go to work or fulfill a work assignment when short-term child care emergencies arise. Emergency situations recognized under the program include:

- **When your child is "mildly ill."** Under the pilot program, "mildly ill" means when your child is recuperating from an illness and has not had a temperature above 102 degrees Fahrenheit for the preceding 24 hours. In addition, if your child is age 1 or older and has had any diarrhea or vomiting, the illness must have been diagnosed by a physician before child care will be provided through the program. If a child under 1 year of age has had any diarrhea or vomiting, child care will not be provided even if a physician has diagnosed the illness.

Caregivers from home health care agencies are generally not permitted to dispense medication. If your child needs medication, you will need to discuss this issue with the home health care agency when you call to make arrangements for a caregiver. (See "How to use the program," page 3.)
- **When your usual child care arrangements fall through.** For example, you may use the program when your child's school or day care center closes unexpectedly, or when the person who cares for your child in your home or a family day care center is ill or has a personal emergency.
- **When your work schedule changes unexpectedly.** If your work schedule changes suddenly, you may use the program to give yourself time to make alternative child care arrangements. You may also use program services if you have to make an unexpected business trip.

This program is an *emergency* service, so use is limited to three consecutive days at a time. The program's standard service, available Monday through Friday, is for a minimum of four hours a day and a maximum of 10 hours a day. Child care *may* be available for more than 10 hours a day or on a weekend when you are working, but you must call the home health care agency well in advance. (See "How to use the program," pages 3-4.)

Because the standard service is limited to 10 hours a day, you may want to request that a caregiver leave your child at the end of the day with another adult who has agreed to take care of your child until you can get home from work. The home health care agencies will not allow their caregivers to leave a child with a minor.

Who will provide program services?

During the pilot period, emergency child care services will be provided by certified caregivers working for two home health care agencies — Selfhelp Community Services, Inc. (Selfhelp) in New York City and on Long Island, and Contemporary Home Care Services (Contemporary) in northern and central New Jersey.

Selfhelp is certified by the New York State Department of Social Services as a home health care provider qualified to provide certified caregivers for child care in the home. Contemporary is a licensed home health care provider whose training program for certified caregivers is approved by the New Jersey Department of Health. Both agencies have client-referral contracts with local hospitals and city agencies.

The agencies conduct the training of their certified caregivers. At both agencies, caregivers receive training in first aid, poison control, home safety, creative and constructive play activities, child development and working with children with special needs. Both agencies also require in-service training at regular intervals. During the pilot period, Child Care, Inc. will meet regularly with the agencies to review their training programs.

How to use the program — when and where to call

New York City—Management employees who are enrolled in the Emergency Child Care Plan and live in the five boroughs of New York City may call **Selfhelp** at **(212) 971-5472**.

Long Island—Management employees who are enrolled in the Emergency Child Care Plan and live on Long Island may call **Selfhelp** at **(516) 579-8350** (Nassau County) or **(516) 462-6978** (Suffolk County).

New Jersey—Management employees who are enrolled in the Emergency Child Care Plan and live in one of nine counties in northern and central New Jersey may call **Contemporary** at **(201) 585-0470** (Bergen, Essex, Hudson and Passaic counties), **(201) 376-4412** (Morris and Union counties) or **(201) 636-8660** (Mercer, Middlesex and Monmouth counties).

You are advised to call the home health care agency in your area as far in advance as possible when you want to schedule a certified caregiver to come to your home. If you make an early morning call for service on the same day, up to four hours may elapse before the caregiver arrives at your home.

Both agencies maintain 24-hour telephone coverage. Between 9 a.m. and 5 p.m. Monday through Friday, the agencies will answer their own phones. At all other times, an agency-trained answering service will take your message, and every effort will be made to return your call within 30 minutes.

When you talk to the agency, you will be asked for your employee number and for the names of your child's doctor and two other adults (spouse, relative or friend) who can be contacted in an emergency when you cannot be reached. You will also be asked questions about your child and your home. If your child needs medication, you must discuss this issue with the agency since caregivers from home health care agencies are generally not permitted to dispense medication.

When you tell the agency the time you would like the caregiver to arrive, please schedule at least 30 minutes between the time the caregiver is to arrive and the time you must leave your home. The caregiver will have to ask you a number of questions in order to fill out a form required by the agency. You will also need to introduce the caregiver to your child and show the caregiver around your home.

Selfhelp and Contemporary cannot guarantee the availability of certified caregivers but will provide caregivers on a "best effort" basis. The agencies anticipate that they will be able to fill the great majority of requests for caregivers. However, if you request a caregiver through the program when your child's school or day care center declares a "snow day" or other weather emergency, the agency may not be able to fill your request because the demand for emergency child care services is likely to be particularly heavy in bad weather.

If you want to arrange for emergency child care on a weekend when you are working or for more than 10 hours in a single day, you must call the home health care agency in your area at least 24 hours in advance. The agency must get authorization from Con Edison before sending a caregiver to your home on a weekend or for more than 10 hours in a single day.

How much will emergency child care cost?

Charges for emergency child care will be based on the time a caregiver spends in your home. There will not be any additional charges for the caregiver's travel time.

The home health care agencies will charge the following rates through July 31, 1990:

Selfhelp—New York City and Long Island

- Selfhelp's rates for up to 12 consecutive hours of service in a 24-hour period will be \$10.80 an hour in New York City and \$11.20 an hour on Long Island.
- If authorization is given for an employee to use 12 or more consecutive hours of service in a 24-hour period, Selfhelp will charge daily rates of \$172.80 in New York City and \$179.20 on Long Island.
- Selfhelp's rates will not increase if care is provided for two or more children or on major holidays.
- If you request service from Selfhelp and then cancel your request after a caregiver has been assigned and sent to your home, there will be a cancellation fee equal to the cost of two hours of service.

Contemporary—Northern and Central New Jersey

- In Bergen, Essex, Hudson, Passaic, Morris and Union counties, Contemporary's hourly rates will be \$10.50 for care for one child and \$11.00 for care for two or more children. In Mercer, Middlesex and Monmouth counties, the hourly rates will be \$11.50 for one child and \$12.00 for two or more children.

- Contemporary will not charge daily rates for 12 or more consecutive hours of service in a 24-hour period; instead, hourly rates will be charged.
- On six major holidays — New Year's Day, Memorial Day, Fourth of July, Labor Day, Thanksgiving and Christmas — Contemporary's hourly rates will be \$15.75 for care for one child and \$16.50 for care for two or more children in Bergen, Essex, Hudson, Passaic, Morris and Union counties. The hourly rates will be \$17.25 for one child and \$18.00 for two or more children in Mercer, Middlesex and Monmouth counties.
- If you request service from Contemporary and then cancel your request after a caregiver has been assigned and sent to your home, there will be a cancellation fee equal to the cost of one hour of service.

What will my share of the costs be?

Through the Con Edison Emergency Child Care Plan for Management Employees, the Company will pay 90% of the cost of the first 10 hours of service provided to you during the pilot period and 75% of the cost of any additional hours of service. Cancellation fees — billed as two hours of service by Selfhelp and one hour of service by Contemporary — may be included in the hours of service for which the Company pays 90% or 75% of the cost. However, the Company will not pay any part of cancellation fees you incur in excess of fees for three cancellations.

Your payments toward the cost of pilot program services — 10% of the cost of the first 10 hours of service, 25% of the cost of any additional hours of service and 100% of any cancellation fees in excess of fees for three cancellations — will be made by payroll deduction. Your payment toward the cost of the pilot program services you use during any calendar month will be deducted from your paycheck in one lump sum, as soon as practicable.

Before a payment is deducted from your paycheck, Employee Benefits will send you a copy of the receipt(s) for service that you signed when you returned home from work on the day(s) you used the pilot program. With your copy of the receipt(s), you will receive a notice showing how much your payroll deduction will be.

If your payroll deduction appears to be incorrect, you may call or write Employee Benefits — Room 947-S, 4 Irving Place, New York, N.Y. 10003, (212) 460-2242 — and request an explanation or adjustment. If you disagree with the response to your request, you may send a written request for review to the Plan Administrator at the address given above. Within 60 days after your written request is received, you will be sent a full written explanation of why your original payroll deduction has been upheld, reversed or modified.

What are the tax implications of my participation in the Emergency Child Care Plan?

The federal income tax implications of your participation in the Con Edison Emergency Child Care Plan for Management Employees depend in part on whether you have a Dependent-Care Reimbursement Account under the Con Edison Flexible Reimbursement Account Plan for Management Employees (FLEX).

Whether or not you have a FLEX Dependent-Care Reimbursement Account, your payments toward emergency child care services will be deducted from your paycheck on an *after-tax* basis. But if you have a FLEX Dependent-Care Reimbursement Account, you may file a reimbursement request form to be reimbursed for your Emergency Child Care Plan payments with *before-tax dollars* from your FLEX account. Because FLEX accounts are intended to be used for *predictable* expenses, it would not be advisable to allocate extra money to your FLEX Dependent-Care Reimbursement Account for Emergency Child Care Plan payments.

Generally, under current tax law, the Company's Emergency Child Care Plan payments for services provided to you will not be taxable income reported on your year-end W-2 form. However, current tax law provides that you may not receive more than \$5,000 in a calendar year in tax-favored benefits from employer-sponsored dependent-care assistance plans. These tax-favored benefits include any FLEX Dependent-Care Reimbursement Account allocation you make *and* any Emergency Child Care Plan payments the Company makes on your behalf.

This means that if you have a FLEX Dependent-Care Reimbursement Account and allocate the \$5,000 annual maximum to your account, any Company-paid Emergency Child Care Plan benefits you receive will be additional taxable income reported on your year-end W-2 form. If your FLEX Dependent-Care Reimbursement Account allocation is less than \$5,000 but the total amount of your FLEX allocation plus your Company-paid Emergency Child Care Plan benefits is greater than \$5,000, the amount in excess of \$5,000 will be taxable income. For example, if your 1990 FLEX allocation is \$4,800 and you receive \$350 in Company-paid Emergency Child Care Plan benefits in 1990, you will have an additional \$150 of taxable income reported on your 1990 W-2.

To ensure that taxable income is reported, the Company will monitor Company-paid Emergency Child Care Plan benefits provided to employees who have FLEX Dependent-Care Reimbursement Accounts.

In some cases, the amount of tax-favored benefits you are allowed to receive from employer-sponsored dependent-care assistance plans is less than \$5,000 a year. Federal tax law currently places these maximums on the annual amount you — or you and your spouse — may receive in tax-favored benefits from dependent-care assistance plans:

- You may receive tax-favored benefits amounting to \$5,000 a year if you are a single taxpayer or married filing a joint tax return, or \$2,500 if you are married and filing separately.
- You may not receive tax-favored benefits amounting to more than your earned income for the year, or your spouse's earned income for the year, if it is less. (If your spouse is a full-time student for at least five months a year, or disabled, his or her earnings for the period in which he or she is a student or disabled will be considered to be \$200 a month if you have one dependent, or \$400 a month if you have two or more dependents.)

Special considerations for "highly-compensated employees"

If you are a "highly-compensated employee" as defined in federal tax law, your annual compensation may limit the maximum annual amount of tax-favored benefits you may receive from employer-sponsored dependent-care assistance plans.

Dependent-care assistance plans are required to pass a "nondiscrimination" test designed to ensure that highly-compensated employees do not receive tax-favored benefits that are significantly more generous than those provided to other employees.

In 1990, a highly-compensated employee is one whose annual compensation is at least \$56,990. This number is indexed for inflation each year.

For purposes of performing the nondiscrimination test, the Dependent-Care Reimbursement Account part of FLEX and the Emergency Child Care Plan will be considered one plan. If you are a highly-compensated employee, the results of the test will determine the maximum annual amount you may receive in tax-favored benefits from dependent-care assistance plans, and this amount *may* be less than \$5,000 a year. However, the test will be performed toward the end of each plan year using data for the entire year for both the Dependent-Care Reimbursement Account part of FLEX and the Emergency Child Care Plan. This means that when employees enroll in FLEX for the next plan year, it is impossible to determine what the maximum amount of tax-favored dependent-care assistance plan benefits for highly-compensated employees will be.

If you are a highly-compensated employee and the results of the test indicate that the maximum annual amount of tax-favored dependent-care assistance plan benefits for highly-compensated employees is less than the amount of benefits you have received during the plan year, the Company will have to treat the excess amount of your benefits as taxable income. For example, if you allocate \$4,000 to a FLEX Dependent-Care Reimbursement Account and receive \$250 in Company-paid Emergency Child Care Plan benefits, and the maximum annual amount of tax-favored dependent-care assistance plan benefits for highly-compensated employees is determined to be \$3,000, \$1,250 of your benefits will be taxable income and will be reported on your year-end W-2 form.

Dependent-care tax credit

A dependent-care tax credit based on family income is currently available on federal income tax returns. When family income is \$10,000 or less, this credit is equal to 30% of eligible dependent-care expenses, up to a maximum of \$2,400 a year for one dependent under age 13 or \$4,800 if the expenses are for two or more dependents. The percentage of the credit decreases gradually as income rises to \$28,000. If your family income is \$28,000 or higher, the available tax credit is equal to 20% of eligible dependent-care expenses.

Because you cannot use both the federal tax credit and a FLEX Dependent-Care Reimbursement Account to claim the same expenses, you must choose which method will be more tax-effective for you. For most management employees, using a Dependent-Care Reimbursement Account will be more advantageous than claiming the tax credit. However, employees whose family income is about \$20,000-\$24,000 may receive slightly more tax relief with the credit.

Your dependent-care expenses eligible for the federal tax credit will be reduced, dollar for dollar, by the amount you receive in tax-favored benefits from employer-sponsored dependent-care assistance plans — including not only the amount of your Dependent-Care Reimbursement Account allocation, but also any Company-paid Emergency Child Care Plan benefits not included in your taxable income. This means that if you receive \$2,400 a year or more in tax-favored benefits for one dependent — or \$4,800 a year or more in benefits for two or more dependents — you will not be able to use the tax credit even if your out-of-pocket dependent-care expenses exceed the amount of your tax-favored FLEX and Emergency Child Care Plan benefits.

However, if the amount of tax-favored FLEX and Emergency Child Care Plan benefits you receive in a year is less than \$2,400 for one dependent or \$4,800 for two or more dependents, you may also be able to claim the tax credit. For example, if you allocate \$3,000 to your Dependent-Care Reimbursement Account for expenses for two dependents and receive \$350 in Company-paid Emergency Child Care Plan benefits and your out-of-pocket expenses for dependent care (including your share of emergency child care services) total \$6,000 at the end of the year, you will be eligible to claim a federal tax credit based on the difference between \$4,800 and the amount of your tax-favored benefits: $\$4,800 - \$3,350 = \$1,450$ (amount eligible for federal tax credit). In this example, the credit is 20% of \$1,450 or \$290 (if your family income is \$28,000 or higher).

For more information on FLEX Dependent-Care Reimbursement Accounts, please consult your FLEX Summary Plan Description booklet.

If you have any questions about the tax implications of your participation in the Emergency Child Care Plan, you may want to talk with a tax adviser.

Follow-up and evaluation

To assess the effectiveness of the pilot program available through the Emergency Child Care Plan, there will be an ongoing evaluation during the pilot period.

Within 30 days of your use of the program, Child Care, Inc. will telephone you and ask for your evaluation of the service provided, the home health care agency and the caregiver assigned to your home. You will also be asked basic information about why you needed emergency child care, why you chose to use the program and other related questions. This information will be used to help Child Care, Inc. evaluate the program and the agencies, and will be made available to Con Edison upon request so that the Company can evaluate its participation in the program. The Company will treat your responses to Child Care, Inc.'s questions as confidential information.

If you have questions....

If you have questions or comments or need additional information about the Emergency Child Care Plan or the pilot program, you may call or write Employee Benefits, Room 947-S, 4 Irving Place, M020, (212) 460-2242.

Compliance with ERISA

The information provided in this booklet constitutes the Summary Plan Description required by the Employee Retirement Income Security Act of 1974 (ERISA). To comply with the law, the following additional information is furnished:

Plan Name

Con Edison Emergency Child Care Plan for Management Employees

Participants

The plan is maintained for the exclusive benefit of the participants, who:

- Are active management employees of Con Edison;
- Are not temporary and work at least 20 hours a week;
- Have elected to enroll in the plan and use the emergency child care pilot program available through the plan;
- Have one or more children under age 13;
- Are single parents, or are married with spouses who are employed, disabled or full-time students; and
- Reside in New York City, on Long Island (Nassau and Suffolk counties), or in one of nine counties in northern and central New Jersey — Bergen, Essex, Hudson, Passaic, Morris, Union, Mercer, Middlesex and Monmouth. (This restriction exists because of the limited availability of services through the pilot program.)

Name and Address of Employer/Plan Sponsor

Consolidated Edison Company of New York, Inc.
4 Irving Place
New York, N.Y. 10003

Plan Identification

The Con Edison Emergency Child Care Plan is a dependent-care assistance plan permitted under Section 129 of the Internal Revenue Code. The plan is identified by the following:

Employer Identification Number: 13-5009340

Plan Identification Number: 549

Plan Administrator

Thomas J. Galvin, Senior Vice President-Administration
Consolidated Edison Company of New York, Inc.
4 Irving Place
New York, N.Y. 10003
(212) 460-4600

Agent for Service of Legal Process

For disputes arising under the plan, service of legal process may be made on the plan administrator.

Plan Year

The plan's fiscal records are kept on a calendar year basis. The first plan year was from October 1, 1989 to December 31, 1989. The second plan year will be from January 1, 1990 to July 31, 1990, unless the Company decides in its discretion to extend the plan beyond the pilot period ending July 31, 1990.

Future of the Plan

The Company expects to continue this plan after the pilot period ending July 31, 1990, but reserves the right to change or terminate it at any time.

Plan Document

This summary describes the main provisions of the Con Edison Emergency Child Care Plan in non-technical language. The terms of the plan, and the benefits provided under it, are legally enforceable and are subject to the official plan document, which legally governs the operation of the plan. In the event of any conflict between this summary and the plan document, the plan document will prevail.

Statement of ERISA Rights

As a plan participant you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all plan participants shall be entitled to:

- Examine, without charge, at the Employee Benefits Department, Room 947-S, 4 Irving Place, New York, N.Y. 10003, all plan documents, insurance contracts, and copies of all documents filed with the U.S. Department of Labor, such as detailed annual reports and plan descriptions.
- Obtain copies of all plan documents and other plan information upon written request to the plan administrator. The administrator may make a reasonable charge for the copies.
- Receive a summary of the plan's annual financial report. The plan administrator is required by law to furnish each participant with a copy of this summary financial report.

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your plan, called "fiduciaries" of the plan, have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries. No one, including your employer, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA. If your claim for a welfare benefit is denied in whole or in part, you must receive a written explanation of the reason for the denial. You have the right to have the plan review and reconsider your claim. Under ERISA, there are steps you can take to enforce the

above rights. For instance, if you request materials from the plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the plan administrator to provide the materials and pay you up to \$100 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court. If it should happen that plan fiduciaries misuse the plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

If you have any questions about the plan, you should contact the plan administrator. If you have any questions about this statement or about your rights under ERISA, you should contact the nearest Area Office of the U.S. Labor-Management Services Administration, Department of Labor.

Notes